

# Storm Sewer Operating Fund

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**T***o provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:*

- *Storm sewer maintenance and administration; and*
- *Storm sewer improvements*

# Storm Sewer Operating Fund

## Budget Summary

	2006-2007 Adopted	2007-2008 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 16,189,544	\$ 16,452,680	1.6%
Storm Sewer Improvements	\$ 1,925,000	\$ 2,850,000	48.1%

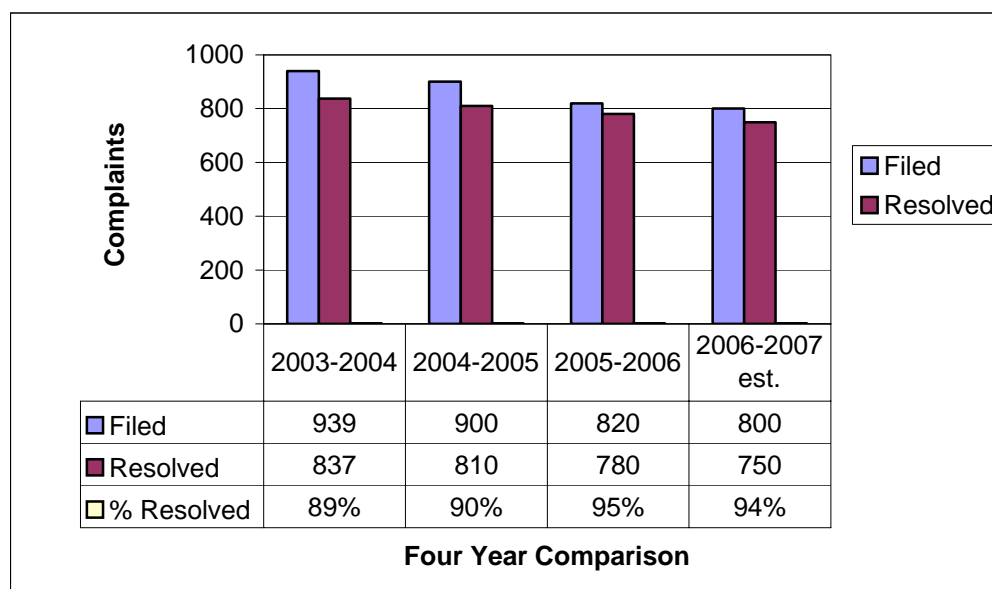
## Budget Highlights 2007-2008

❑ A 9% rate increase was approved for 2007-2008 in order to provide adequate funding to meet regulatory requirements, operate the storm sewer system, and to maintain a modest capital improvement program.

❑ Increased funding was approved to support the operation and maintenance of required stormwater treatment measures located in the public right-of-way and for stormwater programs and services needed to protect water quality and ensure compliance with the permit.

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### Urban Runoff Program Illicit Connection and Illegal Dumping Enforcement



# Storm Sewer Operating Fund

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## Fund Overview

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**T**he Storm Sewer Operating Fund was established to improve the quality of the City's storm and surface water runoff and to meet the costs of the increasing federal, State, and regional regulatory requirements. Expenditures in the Storm Sewer Operating Fund support system maintenance, pollution control, administrative services and capital improvements. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) Storm Water permit requires the City to implement pollution prevention activities and controls to prevent pollutants from entering the storm sewer collection system.

Virtually all of the Storm Sewer Operating Fund's revenue is generated by fees collected from residents and businesses. Rates are calculated based on the relative quality and quantity of storm water runoff contributed by residential, commercial, and industrial properties.

Long-range projections reflect increased permit compliance costs and an aging storm sewer infrastructure that will require increased rehabilitation. A three-year rate increase strategy was approved by the City Council in 2005 to increase the Storm Sewer Service Charge Fee by 4.5% in 2005-2006, 2006-2007, and 2007-2008. However, following a reassessment of capital and operating needs, a 9% rate increase for 2007-2008 was approved in this budget to adequately fund the operation of the Storm Sewer System, to ensure the quality of storm water runoff, and to fund necessary capital improvements in the City's storm sewer system. For 2007-2008, the approved rate increase will raise the annual single-family residential rate by \$4.50 from \$49.92 to \$54.42.

The Departments of Environmental Services, Public Works, and Transportation are primarily responsible for maintenance and construction of the storm sewer system, as well as pollution prevention activities. Other departments' activities, such as those of General Services and Planning, Building and Code Enforcement are also affected by the stormwater permit requirements.

The current five-year NPDES Stormwater permit was approved in February 2001, but strict requirements for new development and redevelopment were added in October 2001 and became effective in October 2003 with full implementation of the more stringent "C.3" requirements in 2005. Current negotiations are in process with the Regional Water Quality Control Board for a new permit to be issued in 2007-2008 with more stringent and costly requirements. The Departments of Public Works, Environmental Services, and Planning, Building and Code Enforcement have been working together to address these additional requirements and will continue to augment or develop the steps needed to expand implementation as required in the permit.

For 2007-2008, several budget actions were approved to enable the Environmental and Utility Services CSA to better address these regulatory requirements. In the Environmental Services Department, three new positions were approved to address the increased demands of implementing the "C.3" NPDES Stormwater permit provisions. These provisions require increased inspections at construction sites and additional inspections at commercial and industrial activities sites to prevent storm drain pollutants from entering the storm drain system.

# Storm Sewer Operating Fund

## Fund Overview (Cont'd.)

In addition, in support of permit compliance, funding was approved for Green Building Policy implementation, outreach and noticing for future rate increases, additional support to stormwater control measures, and programs in support of permit compliance.

Total expenditures for pollution control efforts related to the NPDES permit have seen moderate increases despite the implementation of new requirements under the permit. Even with increased regulations imposed by the State, the level of San José's financial contribution to the Santa Clara Valley Urban Runoff Pollution Prevention Program decreased 10% in 2005-2006 from the prior year and is expected to have no change in 2006-2007. However, program fees are anticipated to rise when the new permit is issued in late 2007 with increased regulatory requirements.

In 2007-2008, as in the prior year, the capital program focus shifts from large infrastructure needs to minor improvements that addressed

localized drainage problems in neighborhoods. The 2007-2008 transfer to the Storm Sewer Capital Fund, originally estimated at \$1.925 million in the 2007-2011 Adopted Storm Sewer System Capital Improvement Program (CIP), was approved to increase to \$2.85 million in the 2008-2012 Adopted Storm Sewer System CIP to fund Alviso Drainage Improvements, continue the storm pump station rehabilitation and replacement program, perform outfall rehabilitation, and fund minor storm drain improvements along special corridors to address drainage issues in public areas. These projects will include the installation of technology and/or infrastructure to improve the capacity of the storm drain collection system, the quality of storm water runoff, and localized ponding in residential neighborhoods.

## Fund Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Adopted 3	% Change (2 to 3)
<b>Dollars by Sources</b>				
Beginning Fund Balance	\$ 4,931,883	\$ 3,740,084	\$ 3,519,282	(5.9%)
Assessments	15,416,380	15,880,264	17,310,033	9.0%
Interest and Other	133,130	47,446	105,703	122.8%
<b>Total</b>	<b>\$ 20,481,393</b>	<b>\$ 19,667,794</b>	<b>\$ 20,935,018</b>	<b>6.4%</b>
<b>Dollars by Uses</b>				
Storm Sewer Maint. & Administration	\$ 12,738,613	\$ 16,189,544	\$ 16,452,680	1.6%
Storm Sewer Improvements	2,025,000	1,925,000	2,850,000	48.1%
Ending Fund Balance	5,717,780	1,553,250	1,632,338	5.1%
<b>Total</b>	<b>\$ 20,481,393</b>	<b>\$ 19,667,794</b>	<b>\$ 20,935,018</b>	<b>6.4%</b>

# Storm Sewer Operating Fund

## Budget Category: Storm Sewer Maintenance and Administration

### Budget Category Overview

**T**his category of program costs includes funding for Storm Sewer System Maintenance, Pollution Control, and Administrative Services. System Maintenance is performed by the Transportation, Public Works and Environmental Services Departments. The Transportation and Public Works Departments repair damaged storm sewer pipes and maintain the system infrastructure, while the Environmental Services Department is responsible for the

overall program operations. The Pollution Control category includes the cost of efforts to ensure City compliance with the NPDES Stormwater Permit requirements. Administrative Services includes support services provided by various City departments, overhead to the General Fund, fees charged by the County for collecting assessments, and loan repayments.

### Budget Category Summary

<b>Storm Sewer Maintenance and Administration</b>	<b>2005-2006 Actual 1</b>	<b>2006-2007 Adopted 2</b>	<b>2007-2008 Adopted 3</b>	<b>% Change (2 to 3)</b>
System Maintenance	\$ 2,457,362	\$ 2,860,709	\$ 2,890,252	1.0%
Pollution Control	8,183,909	10,316,275	10,763,089	4.3%
Administrative Services	2,097,342	3,012,560	2,799,339	(7.1%)
<b>Total</b>	<b>\$ 12,738,613</b>	<b>\$ 16,189,544</b>	<b>\$ 16,452,680</b>	<b>1.6%</b>

Three major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's NPDES Stormwater Permit; 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation; and 3) the extent of the system's growth due to new development construction.

The increased costs in the 2007-2008 Adopted Budget result from the approval of several key proposals, including funding to support new regulatory requirements, Green Building Policy Implementation, outreach and noticing for

future rate increases, stormwater control measures and assessments, and the addition of three new positions. These three positions have been added to provide additional permit-compliance activities, especially those related to the "C.3" stormwater permits requirement for inspection activities to reduce pollutants from construction sites and from commercial and industrial activities. In the Administrative Services category, a substantial reduction in overhead in 2007-2008 offset funding increases for the Integrated Billing System (IBS) activities in Finance Department and Information Technology Department.

# Storm Sewer Operating Fund

## Budget Category: Storm Sewer Maintenance and Administration

### Budget Category Summary (Cont'd.)

The following changes were approved in 2007-2008 in the System Maintenance, Pollution Control, and Administrative Services allocations:

<b>Adopted Allocation</b>	<b>2006-2007 Adopted</b>	<b>Change</b>	<b>2007-2008 Adopted</b>
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<b>System Maintenance</b>	<b>\$ 2,860,709</b>	<b>\$ 29,543</b>	<b>\$ 2,890,252</b>
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The change in the System Maintenance program reflects base increases in the Departments of Transportation (\$58,290) and Public Works (\$750) offset by a reduction in storm sewer and vehicle maintenance staffing in the Department of Transportation (\$29,497).

<b>Pollution Control</b>	<b>10,316,275</b>	<b>446,814</b>	<b>10,763,089</b>
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The change in the Pollution Control program reflects the following increases: one-time funding in the Environmental Services Department (ESD) for outreach and noticing of the 2008-2009 rate increase (\$200,000); three additional Environmental Inspector positions to support construction, commercial and industrial inspection activities (\$356,076); ESD non-personal/equipment rebudgets (\$25,200); street sweeping (\$12,792); Green Building Policy implementation in ESD (\$44,296) and PBCE (\$24,876); Integrated Billing System staffing in the Finance Department (\$16,522); and additional base adjustments in the Department of Transportation (\$27,400) and Public Works (\$4,250). These increases are partially offset by base decreases in the Finance (\$15,607), PBCE (\$16,032), and in the Environmental Services Departments. (\$232,959).

<b>Administrative Services</b>	<b>3,012,560</b>	<b>(213,221)</b>	<b>2,799,339</b>
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The change in the Administrative Services program reflects increases in expenses for Information Technology Department staffing for the Integrated Billing System (\$99,787), base changes in the Information Technology Department (\$85,606), increases in fees associated with the collection of revenues by the County of Santa Clara (\$27,971), costs associated with GASB 43/45 (\$26,024), increases in Commercial Paper repayment costs for the Integrated Billing System (\$4,036), and increases in Workers' Compensation Claims payments (\$3,649). Those increases are offset by a reduction in City Hall Debt Service (\$17,062) and overhead (\$84,781) costs, and a reduction in the loan repayment to the Sewage Treatment Plant Connection Fee Fund (\$358,451).

<b>Total Storm Sewer Maintenance and Administration</b>	<b>\$ 16,189,544</b>	<b>\$ 263,136</b>	<b>\$ 16,452,680</b>
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# Storm Sewer Operating Fund

## Budget Category: Storm Sewer Improvements

### Budget Category Overview

**T**he Storm Sewer Improvements Program consists of capital projects designed to construct storm sewer systems to convey surface runoff in the City's Urban

Service Area to adjacent stream channels and to enhance existing storm sewer capacity and improve operations.

### Budget Category Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Adopted 3	% Change (2 to 3)
<b>Storm Sewer Improvements</b>				
Transfer to Capital Fund for Storm Sewer Improvements	\$ 2,025,000	\$ 1,925,000	\$ 2,850,000	48.1%
<b>Total</b>	<b>\$ 2,025,000</b>	<b>\$ 1,925,000</b>	<b>\$ 2,850,000</b>	<b>48.1%</b>

The following change was approved in the Transfer to Capital Fund for Storm Sewer Improvements allocation in 2007-2008:

Adopted Allocation	2006-2007 Adopted	Change	2007-2008 Adopted
Transfer to Capital Fund for Storm Sewer Improvements	\$ 1,925,000	\$ 925,000	\$ 2,850,000

Storm Sewer Improvements funding is transferred from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund to support improvements to the existing storm sewer system. The amount originally programmed in the 2007-2011 Adopted Storm Sewer System CIP was \$1,925,000. A significant increase to the transfer (\$925,000) was approved to fund storm improvement projects that include: the Alviso Drainage Improvements project, rehabilitation projects to improve the infrastructure and increase the capacity of the storm drain collection system, improve quality of storm water runoff, and address localized ponding in residential neighborhoods.

<b>Total Storm Sewer Improvements</b>	<b>\$ 1,925,000</b>	<b>\$ 925,000</b>	<b>\$ 2,850,000</b>
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